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February 18, 2009

## **AGENDA ITEM 5a**

### **TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

- I. SUBJECT:** Update on the Health Maintenance Organization Request for Proposal
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only

### **IV. BACKGROUND:**

The Health Benefits Committee approved a January 30, 2009, release of Phase 1 of the HMO RFP on January 22, 2009. In accordance with the HMO RFP Schedule of Events, proposal responses for Phase 1 are due by March 25, 2009, followed by review of the responses through April 2009. After this review and based on the evaluations, Proposers from both the Statewide and Regional HMO Plans will be selected to move into Phase 2 of the HMO RFP process. This phase will incorporate the following RFP sections: Services To Be Provided (STBP), Technical Questionnaire, Financial Questionnaire, Premium Analysis, Network Disruption Analysis, Performance Guarantees, On-Site Reviews, and the HBC Interviews.

### **V. ANALYSIS:**

With Board approval, Phase 2 of the HMO RFP will be released in April 2009. A detailed Proposed Timeline for Phase 2 of the RFP process is provided in Attachment 1.

#### Objective

The objective of Phase 2 is to determine which HMO Plan(s) can provide the best solution to meet the CalPERS goals. These goals include:

- Expanding HMO coverage
- Availability of high efficiency provider networks
- Innovative cost management strategies

- Effective utilization management, case management, wellness, disease management, and pharmacy programs
- Innovative quality of care strategies
- Ability to enter into an aggressive risk sharing arrangement
- Commitment to exceptional performance

These goals can be met either via a single Statewide HMO Plan, Multiple Regional HMO Plans, or some combination thereof. CalPERS reserves the right to award one or multiple contracts based on the results of the RFP while addressing the best interest of CalPERS and its members. Additionally, CalPERS reserves the right to include or carve out pharmacy and/or disease management programs.

**VI. STRATEGIC PLAN:**

This directly relates to Strategic Plan Goal 10: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

**VII. RESULTS/COSTS:**

This is an information item only.

Staff is available to respond to any questions.

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Office of Health Plan Administration

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Attachment